THE ROLE OF ALCOHOL IN BUSINESS NEGOTIATIONS IN EAST ASIA

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ABSTRACT

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Title: The Role of Alcohol in Business Negotiations in East Asia

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In the absence of a legal structure that legitimizes contracts, loose, flexible written or verbal agreements between two parties who share a social bond are the common in East Asia. Modern alcohol use in the region is heavily colored by the lasting influence of Confucianism. The forming of social bonds that are developed within rigid hierarchies in the family, the workplace, and really all facets of daily life, are based on respect of filial piety—honoring one's "superiors" in relationships. Today, alcohol's ancient use as a tool for expressing respect, facilitating social interactions, and maintaining relationships remains intact in social structures in East Asia—especially in business. The rigid social rules, hierarchal structure, and collectivist culture in the three countries create social barriers in which rigid behavioral rules restrict interactions between employees in different hierarchal positions. These rules are broken down after work at office wide drinking parties in order to achieve the group harmony that is considered necessary to the function of business. I sought to examine the specific functions that alcohol plays in each of the three countries in order to evaluate the necessity of participation. I found that the function that alcohol serves varies in China, Japan, and South Korea, and those differences are important for businesspeople to observe and consider when entering into business with East Asian companies. Ultimately, I found that participation in post-work drinking events is considered an unstated obligation in most businesses in East Asia.

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The Role of Alcohol in Business Negotiations in East Asia

My thesis will examine the *origins and effects of the prominent role of alcohol in business negotiations in East Asia (Korea, Japan, and China).* I will present research on alcohol's involvement in the context of "Guanxi" (Chinese), "wa" (Japanese), and "inhwa" (Korea)—or relationships between people, which is a vital aspect of East Asian business agreements. I will further examine what alcohol's exact role is in negotiations in order to propose how an American businessperson might operate under the high context East Asian drinking customs—whether one is able and willing to drink or not. In the absence of a legal structure that legitimizes contracts, loose, flexible written or verbal agreements between two parties who share a social bond are the norm in East Asia. East Asian businesses rely on developing relationships with prospective foreign partners with the long-term in mind and to ensure that a deal can be adjusted to keep both parties' best interests in mind if circumstances suddenly change. Participating in social activities that involve drinking make prospective foreign business partners seem more trustworthy to their East Asian counterparts, which is necessary for forming that relationship needed to make a deal.

The outline of my essay is to first discuss the history of alcohol use and East Asian people's perceptions of it to determine how it developed the prominent social role it now holds in almost all major ceremonies. I will posit that its current prominence in East Asian business practices stems from its ancient role in the various countries for showing hospitality, its perception as a "magical" gift from the gods, its use as a medicine, and its necessity in playing a social stimulant role. Since the first alcohol enjoyed by ancient East Asians was not intentionally manmade, but rather was discovered after leaving ingredients

in a cool dark place for a while, alcohol was most likely thought to have spiritual properties and developed with religion as a kind of sacred and mystical complement to rituals. With the spread of manmade alcohol came the invention of elaborate, context dependent practices around alcohol drinking in East Asia. Now in Modern China, the ancient notion that alcohol brings out the good in people and thus improves one's fortune still holds in the continuance of toasting rituals and drinking games during formal dinners and festivals. Drinking with others signals to them that you are trustworthy and authentic among other attributes—I want to figure out exactly what these attributes are in each of the countries.

In the second part of my thesis, I want to discuss "what" alcohol actually facilitates in each country during business negotiations and how American businesspeople might convey that they have the attributes that drinking communicates—even if they don't drink. Drinking in East Asian business has obvious importance in building a relationship with the companies there—I hypothesize that this might stems from the ancient East Asian imperative to welcome guests with alcohol as it was integral to showing hospitality. The reason it remains especially prominent in Japan might be due to the fact that Japan was the first of the three countries to industrialize and developed economically with less western influence than China and Korea—their rigid social rules in the workplace might reflect this. For this section, I plan to interview business owners in Austin who are originally from East Asian countries as well as business owners that I've met during my time abroad in China and Taiwan in order to determine what actually happens during business drinking parties in East Asia and to find out what excuse they might use to get out of drinking to determine what kind of excuses are viewed as valid. After determining why drinking alcohol is such an important part of business negotiations and what drinking alcohol conveys to East Asian

businesspeople, I'll propose ways in which someone could convey the same attributes during negotiations without actually drinking alcohol.

Third, I want to examine the effect that alcohol has on the social climate of business negotiations in East Asia. I hope to determine how effective drinking is both in building relationships between companies and in getting a satisfying outcome for both parties. I might also discuss the health effects of drinking in negotiations among businesspeople as well as the role that gender plays during drinking in business negotiations.

Evolution of Alcohol Use in East Asia: Early History

To speculate about the nature of alcohol's role in modern day business in East Asia, we must first understand its long and storied history in the region. Alcohol truly was integral to life in ancient China, Japan, and Korea as far back as written historical records can be found. Alcohol can be characterized as having played five main roles in the three countries' ancient history: ritual, festive, recreational, medical, and moral[1].

English language histories of alcohol consumption in East Asia are limited, but I have compiled the available research in this chapter to provide a brief history of the three countries' strikingly similar ancient uses of alcohol and the influence of Confucianism on drinking practices. I hypothesize that ancient East Asian people's positive perceptions of alcohol derives in part from the belief that it is a gift from the gods—due to a lack of understanding of fermentation and distillation processes—and was later solidified by laws and societal structure as well as Confucian teachings. Medicinal use and moral associations still carry over from the countries' pasts and reinforce the modern acceptance of alcohol in business.

Modern alcohol use in the region is heavily colored by the lasting influence of Confucianism, which originated in China in the 5th century BC and quickly spread to Japan and Korea over the next couple thousand years. While accidental discoveries of fermented rice in storage sheds might have established alcohol as a spiritually significant material, Confucian ideals validated drinking and secured widespread positive acceptance of alcohol in daily life until very recently. Confucius, himself, did not establish alcohol's prominence

[1] Heath, Dwight B. "Chapter 5." *International Handbook on Alcohol and Culture*. Westport, CT: Greenwood, 1995. N. pag. Print.

in rituals and ceremonies; he, as a self-proclaimed transmitter of tradition, simply upheld the importance of alcohol's already existent role in ancient traditions.

Essentially, Confucianism stresses the importance of nurturing social bonds in the context of eating and drinking, but it also stresses the importance of maintaining one's respectability by avoiding drunkenness—an important factor in the development of elaborate rules and practices that are always followed when drinking in modern East Asia. Confucius was said to enjoy wine, and his elite class of educated followers were known for reading and writing poetry while under the influence.[2] The forming of social bonds for which Confucius advocated are developed within rigid hierarchies in the family, the workplace, and really all facets of daily life and are based on respect of filial piety—honoring one's "superiors" in relationships. Today, the imperative of developing social relationships, which can later be used to garner "favors," is stronger than ever, and alcohol's ancient use as a tool for expressing respect, facilitating social interactions, and maintaining relationships has remained intact throughout Chinese history—especially in business. The rigid social rules, hierarchal structure, and collectivist culture in the three countries, which were also formed from the influence of Confucianism, create social barriers in the work place that are often broken down after work at office wide drinking parties in order to form these important work place relationships[3].

Alcohol's modern role and importance in business differs in China, Korea, and Japan to a degree, but its ancient role and importance in ritual seem strikingly similar. In this chapter, I will first outline each of the three countries' ancient uses and perceptions of alcohol. Then, I will posit that its current prominence in East Asian business practices

[2] Blocker, Jack S. "Alcohol and Temperance in Modern History." 148-151. ABC-CLIO, 2003. Web. 30 Nov. 2016
[3] Blocker, *Alcohol and Temperance in Modern History*, 151.

stems from its ancient role in the countries for showing hospitality, its characterization as a "magical" gift from the gods, its use as a medicine, and its effectiveness as a social stimulant.

China

China is thought to be the first of the East Asian countries to intentionally distill alcohol—as early as the sixteenth century BC[4]—but before the distillation process was understood, they conceptualized alcohol as a sacred gift from the gods due to its capacity to "enhance" the mind and its ability to be preserved for long periods of time as a source of sustenance during a bad harvest.[5] Because alcohol was naturally occurring (not a human invention), yet its consumption resulted in feelings not associated with the intake of other foods found in nature, it was thought to be spiritually powerful and held a place in ancient ancestor, spirit, and earth worship as well as traditional rites of passage into manhood and marriage. As Chinese gained understanding of the fermentation process, three main legends of how the process of making alcohol was discovered were: 1) a loyal alchemist presented wine to Emperor Yu of the Warring States period 2) by a female servant to the emperor's daughter who accidentally discovered alcohol and was then exiled for her "dangerous" knowledge, and most famously, 3) by Du Kang, the son of a minister in the Xia Dynasty who left his lunch out while herding sheep and found it fermented a couple of

[4] Heath, *International Handbook on Alcohol and Culture*, 49.
[5] Chrzan, Janet. *Alcohol: Social Drinking in a Cultural Context*. N.p. n.d.*Routledge.com*. Routledge, 2013. 11 Apr. 2016.

weeks later.[6] The creation of legends surrounding fermentation, which were widely told throughout Chinese history, reinforces the ancient mystique surrounding alcohol's origins.

Though early alcohol use was rooted in Chinese religious ritual, it quickly spread to secular use. The widespread use of alcohol in daily life was strengthened by structural legal support including an 1116 BC edict of the Shang Dynasty, which made drinking alcohol a "religious obligation". Notably, by the time Marco Polo came to China in the 12th Century AD, he observed that alcohol was consumed daily by people of all class levels and was a major source of revenue for state governments[7]. Aside from ancient ritual sacrifices of alcohol for religious worship, the social ritual of toasting was an integral aspect of large meals across classes—especially for the purpose of welcoming guests or bidding them farewell. Furthermore, although alcohol was not originally a component of the Lantern Festival, the Dragonboat Festival, the Mid-Autumn Festival, the Double Ninth Festival, or the New Year, Chinese have integrated it into the informal celebrations surrounding the festivals. In terms of recreation, alcohol was incorporated into viewing and making art and music and was appreciated for its ability to "stir the sentiments and entertain guests." Improvisational singing games in social gatherings could last for hours with the creative aid of alcohol and marked the establishment of social drinking for recreation and entertainment purposes.[8]

One reason that alcohol is allowed such an important role in so many areas of Chinese life is that Chinese people believe that it is healthy and even has medicinal properties. In fact, the graphs for "alcohol" and "medicine" share the same root. Written

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[6] Heath, *The International Handbook on Alcohol and Culture,* 47.

[7] Boyle, Peter. "Alcohol: Science, Policy and Public Health - Oxford Scholarship."*Alcohol: Science, Policy and Public Health - Oxford Scholarship*. OUP Oxford, 07 Mar. 2013. Web. 30 Nov. 2016.

[8] Heath, *The International Handbook on Alcohol and Culture,* 48.

instructions for using alcohol as medicine date as far back as two thousand years ago in the Yellow Emperor's Canon of Medicine. Some of the many health benefits that alcohol were, and in some cases still are, believed to have include: aiding in digestion, stimulating the appetite, treating kidney disorders, improving one's overall appearance, and warding off old age[1]. Alcohol is thought to have "yang," or a heating essence important to maintaining the balance of one's health[9].

In modern times, during dinners when Chinese people toast to one another's health, it is often because they actually believe that drinking in moderation is good for people. Supported by Confucianism, drinking in moderation was a moral imperative for Chinese people because they believed that it brought out the good in one's personality and thus improved one's fortune.[10] Drinking in excess, however, was frowned upon because it put the "yang" out of balance with the "yin".[11] After the ineffective reign of drunken ruler, King Zhou of the Yin Dynasty, his successor instituted a prohibition that was short lived but nonetheless helped prompt the evolution of elaborate rules for "correct" drinking, which are still present to a degree during modern day gatherings involving alcohol. Group drinking became the norm, as drinking alone is frowned upon, and drinking in moderation became an ideal that is now often disregarded during long post-work binges with coworkers. After the liberal economic reforms and industrialization of the 1980s, which increased urbanization and westernization in China as well as spurred changes to the

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[9] Blocker, Jack S. "Alcohol and Temperance in Modern History." 148-151. ABC-CLIO, 2003. Web. 30 Nov. 2016

[10] Heath, *The International Handbook on Alcohol and Culture,* 47.

[11] Blocker, Jack S. "Alcohol and Temperance in Modern History." 148-151. ABC-CLIO, 2003. Web. 30 Nov. 2016

family structure, alcohol consumption increased dramatically.[12] Today in China, more men drink than women and a majority of the population are infrequent to moderate drinkers, but among elite businessmen, binge drinking—or at least pretending to—is still a prominent part of work life.[13]

Japan

If China was the first of the three countries to intentionally produce alcohol, Japan caught up quickly in terms of consumption and production for ritual and social use. Like the Chinese, ancient Japanese viewed alcohol as a sacred means of connecting with the gods and ancestors, and it was consumed at ceremonies among living people as a sort of "communal feast" with the dead and spirits. In ancient Japan, alcohol was also understood very early to be a tool to foster relationships between people but was generally reserved for special occasions.[14] Villages of rice farmers were known to have drunk home brewed sake without restraint on special occasions. These festivities often continued every night until all of the sake had been consumed—probably due to the expense of its production.

In the feudal period of Japan, socioeconomic status influenced how often one could afford to drink, so poorer Japanese often drank without restraint on the special holidays during which they had to purchase alcohol. On the other end of the spectrum, the elite frequently enjoyed expensive, high quality alcohol drunk using the elaborate ritualized

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[12] Lou, Christine. "Does Industrialization Change Drinking Behaviors in China? A Longitudinal Study of Changing Patterns of Alcohol Consumption in Modern China." The Society for Social Work and Research 2014 Annual Conference, Jan. 2014. Web. 30 Nov. 2016.

[13] Heath, *The International Handbook on Alcohol and Culture,* Chapter 5.

[14] Partanen, Juha. "Spectacles of Sociability and Drunkenness: On Alcohol and Drinking in Japan." *Sage: Contemporary Drug Problems* (2006): n. pag." 11 Apr. 2016.

rules for alcohol consumption propelled, in part, by Confucian ideals.[15] This gap created a chasm between the frequency and methods of alcohol consumption between classes in Japan—a chasm that still exists to a degree today. Across classes, however, alcohol was used to exhibit good hospitality to guests during special occasions and was always enjoyed in groups.[16]

Japan experienced industrialization and economic development sooner than China and Korea—during the Meiji period of the late nineteenth and early twentieth century—which could explain why the Japanese are more infamous for their modern day post-work binge drinking—they could afford to purchase mass produced alcohol in developed public houses earlier than the other two countries. Alcohol consumption has increased along with alcohol production and wage increases, so there is a clear connection between affordability and frequency of consumption in Japan[17]—which can probably be seen in the prevalent drinking culture of Japanese businessmen.

Structural features of the Japanese government and economy have also contributed to the prevalence of alcohol use. For instance, in the early 20th Century, the Diet approved tax breaks for alcohol used for medicinal and industrial purposes because of pre-existing dependence on its wide use.[18] In modern times, Japan has created all-female subway trains on holidays (to reduce sexual assault from drunk males), policemen who accommodate drunken businessmen's childlike behavior, and wives who turn a blind eye to their

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[15] Blocker, *Alcohol and Temperance in Modern History*, 148-151.
[16] Partanen, *Spectacles of Sociability and Drunkenness: On Alcohol and Drinking in Japan*, 179.
[17] Partanen, *Spectacles of Sociability and Drunkenness: On Alcohol and Drinking in Japan*, 180.
[18] Masayoshi, Matsukata. *Report on the Post-bellum Financial Administration in Japan: 1896 - 1900*. Tokio: Government, 1900. Print.

husbands' post-work binge sessions.[19] Alcohol has historically had infrastructural support in Japan, and drinking in excess has only recently begun to be viewed as harmful to one's health and society as a whole.

Korea

Ancient Koreans, like the Chinese and Japanese, viewed alcohol as a sacred gift from the gods and a means of communication in religious rituals. Alcohol was frequently prayed over because early Koreans believed that the flavor and fragrance of alcohol was determined by the gods.[20] Early Koreans brewed alcohol differently depending on the purpose—whether it was for ancestors, guests, prayers, festivals, or gifts, and alcohol was brewed in the home until Japanese colonization in 1910. A household's stock of wine was an indicator of their socioeconomic status because of the emphasis placed on using alcohol in memorial rites and in entertaining guests. In the Three Kingdoms period of the first century to the seventh century AD, wines gained popularity for social use in seasonal celebrations such as the Yonggo and Tongmaeng festivals.[21]

In the Chosun Dynasty—the dynasty prior to Japanese colonization (1392-1910)—Koreans vastly improved alcohol production in terms of variety and quality. Wines and liquors continued to be used as offerings to honor ancestors, as established by the influence of the Confucian ideal of filial piety.[22] Under the reign of King Sejon, scholars compared the differences between Chinese and Korean medicinal herbs in order to develop concoctions

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[19] Partanen, *Spectacles of Sociability and Drunkenness: On Alcohol and Drinking in Japan*, 186.
[20] "Alcohol in ˚Korean Life." National Research Institute of Cultural Heritage in Korea, 29 Nov. 2013. Web.

[21] Lee, Hyo-Gee. *History of Traditional Korean Alcoholic Drinks*. N.p.: Koreana, 1996. Print.
[22] Blocker, *Alcohol and Temperance in Modern History*, 148-151.

to improve the Korean diet, and many of those medicinal herbs were eventually incorporated into medicinal alcoholic beverages—usually wines[23].

Under Japanese colonization in 1910, home brewing was criminalized, official breweries were established in each city, and alcohol manufactured at these public breweries was heavily taxed to produce revenue for the Japanese. With increased imports of materials and industrialization, Korea began mass-producing western alcohol and outlawed the use of rice for wine production[24]. Now, South Korea is notorious for their particularly rowdy "hoesiks," which are dinner and drinking marathons among office coworkers.

A Comparison of Ancient Drinking Practices in China, Japan, and Korea

China, Japan, and Korea were remarkably similar in terms of their ancient uses for alcohol, which can be categorized as ritual, festive, recreational, medical, and moral. Each of the three countries used alcohol in religious rituals to worship gods and honor ancestors. This ritual use later spread to secular celebrations and festivals as well as recreational use for entertaining guests. The fairly widespread modern notion in East Asia that alcohol is healthy stems most likely stems from its ancient use in medicine, and the idea that drinking is a morally beneficial practice that brings out the good in people in group social situations probably originated from the belief that alcohol was a sacred material from the gods and was solidified by Confucian influence in the countries. Ultimately, alcohol was viewed, and still is to a degree, as a positive, spiritual influence, which enhanced people's relationships with the gods as well as their interactions with each other. The same Confucian ideals that

[23] Lee, Hyo-Gee. *History of Traditional Korean Alcoholic Drinks*.
[24] Lee, Hyo-Gee. *History of Traditional Korean Alcoholic Drinks.*

solidified alcohol's use in enhancing various aspects of daily life, however, also created rigid social rules and hierarchies with an emphasis on collectivist ideals. Workers in China, Japan, and Korea, to varying degrees, now require the use of alcohol to temporarily abandon these strict rules and form important workplace relationships. In keeping with the three countries' collectivist cultures, drinking—even taking a sip of alcohol—is always done in groups.

A major difference in the history of alcohol use among the three countries is that the Japanese were mass producing, importing, and regularly consuming alcohol much earlier than Chinese and Koreans. Japan began industrialization in the early nineteenth century—much earlier than China and Korea which industrialized fairly recently in the late twentieth century. The earlier development of the workplace in Japan, which was primarily driven by domestic investment,[25] might have been more influenced by Confucian ideals than the other two countries, creating a more hierarchal structure and more rigid rules than the later developed workplaces of China and Korea, which were more subject to the influence of westernization. Perhaps the longer period of exposure to alcohol in Japan has also created a stronger drinking culture there than in China and Korea. Certainly, Japan seems to adhere to strict rules in the workplace to a greater degree than the other two countries, a phenomenon that will be discussed in greater detail in later chapters.

[25] Mosk, Carl. *Japanese Economic Development: Markets, Norms, Structures*. London: Routledge, 2007. p.4. Print.

Alcohol's Transition from Ancient Use to Use in Modern Business

Based on commonalities in alcohol use between the two countries, I posit that the early conception of alcohol as a spiritually sacred means of communicating with gods and ancestors paved the way for China, Japan, and Korea's embrace of alcohol as a positive tool in social situations and, later, in business. The inclusion of alcohol in medicine helped establish drinking as a healthy practice, and Confucian promotion of drinking for social and personal purposes—including improving one's own personality and being hospitable to guests—created the widespread societal notion that having alcohol is healthy and, in certain situations, is a moral imperative. Confucianism's support of the use of alcohol for a variety of everyday uses as well society's embrace of alcohol, in turn, created structural support for drinking in the countries. Positive beliefs surrounding drinking alcohol were established early in the three countries and have persisted throughout most their histories to a degree that is unique to the region.

At the core of the prevalence of alcohol use in business in East Asia is a focus on the importance of social relationships to one's work in combination with the necessity to form those relationships in a hierarchal work environment governed by strict rules for interacting between levels of the hierarchy. Alcohol serves as a means for workers to temporarily abandon these Confucian-necessitated rules, and after work it still serves its ancient purpose of improving social relationships between people. In modern business, alcohol retains its use of expressing hospitality to potential partners in negotiations as well as facilitating communication between coworkers as well as with other countries in negotiations.

The concept of "favors" in social relationships in business—"wa" (Japanese), "Guanxi" (Chinese), and "inhwa" (Korean)—differ between the three countries to a degree, but they all hold in common an emphasis on personal relationships.[26] The specific etiquette around drinking alcohol in each of the three countries centers around exchange and mutual participation—from group drinking games to the custom of pouring alcohol into others' cups and, in turn, having them pour into yours; yet on a personal level, when businesspeople drink in business in East Asia, they're also exchanging a sense of vulnerability[27], giving each other feedback, and achieving a sense of liberation from the strict social rules and vertical hierarchies promoted by Confucianism.

In the next chapter, I will discuss the specific roles that drinking plays in business in East Asia—roles that vary between the three countries, but are inherently related to the importance of forming social bonds that can later be used to acquire favors in one's own office as well as with potential business partners. I will discuss the degree to which each of the three countries prioritizes the creation and honoring of these social bonds in a long-term business relationship. A legal contract system is not nearly as established in East Asia as it is in Western businesses, so China, Japan, and Korea all prioritize the creation of social bonds with potential partners to a significant degree.

[26] Alston, John P. "Wa, Guanxi, and Inhwa: Managerial Principles in Japan, China, and Korea." Harvard Business Review, 15 Mar. 1989. Web.
[27] Luo, *Guanxi and Business*, 153.

The Function of Alcohol in Modern East Asian Business Practices

In the summer of 2015 while studying at 成功大学 (National Cheng Kung University) in Tainan, Taiwan, some friends and I—all American—ventured into a nearby neighborhood to find a restaurant for dinner. We arrived at a modest looking place, and seated ourselves. Only one other table was occupied—the occupants, about ten locals of varying ages, looked to be an extended family. We ordered a few dishes, chatted, ate, and were about to pay when our waitress brought over 10 large beers. "Oh, this must be a mistake," I said, "We didn't order beers!" "He ordered them for your table," she replied.

We looked back and saw the patriarch of the other table calling us over. We tried to refuse the beers, but the waitress wouldn't take them back. So, we picked up the beers, pulled over another table, and joined the family. The man told us to call him Bao. Ten bottles for the table turned into twenty, then thirty. Every time Bao raised his glass, he motioned for us to drink ours. As soon as we downed the glass and put it back on the table, the nearest family member refilled the glass with more beer, and the cycle began again. More and more food arrived at the table. We didn't even know who was ordering it. At the end of the night Bao covered the whole bill.

When we thanked him and asked why he had treated us so generously, he replied that it was his duty to welcome foreigners, and he wanted to show us a "proper" Friday night dinner in Taiwan. We continued to join Bao and his family for dinners, cookouts, and karaoke throughout the summer. The family, as it turns out, owns a prominent engineering firm with offices in various regions of East and Southeast Asia. Our friend Tony, a recent college graduate, hadn't had much luck in his job hunting. On one of our last drunken

karaoke nights in Tainan, Bao offered him a job in his company's Dubai office. Tony still works there.

In our friendship with Bao, alcohol served both as a catalyst for interaction between two tables of strangers and as a continuous reason to keep meeting up. I learned more about the history of Taiwanese government from his candid rants than I ever could from a classroom lecture. Alcohol was the catalyst for our friendship with Bao's family, but it enabled a mutually beneficial relationship with lasting effects on both parties. We Americans were afforded authentic friendship and exposure to local culture, and Bao's children got regular access to American tutors to help them in their English classes.

The purpose of alcohol use in China, Japan, and Korea seems generally intended to serve similar purposes. In business, like in our friendship with Bao, participation in the act of drinking appears, at least as a component, to be necessary to achieve a desired social bond. This is not to say that the bond we enjoyed with Bao and his family resembled an informal, egalitarian relationship between peers. Clearly, both we Americans as well as Bao's family members acted with an unspoken (but clear non-verbal) respect and deference toward Bao. He was the host, the patriarch, the boss. When he toasted us, we maneuvered the top of our glass to clink the bottom of his—a cultural norm when engaging in a toast with one's superior. This toasting custom, along with most others in East Asia, is rooted in the Confucian idea that people's relationships, by nature, should be unequal. The son should respect the father. The younger brother should respect the older brother. The student should respect the teacher. The worker should respect the boss. Those on the receiving end of the respect must fulfill certain obligations like, guidance and protection, to those who show them respect.

Respect in terms of preserving others' pride and preventing potential embarrassment is a key feature of all three countries' cultures. This concept, known commonly as "saving face," limits candid, straightforward communication in certain environments—including business—in favor of maintaining appearances and sparing feelings. In any of the three countries, this philosophy might manifest itself, for example, in refusals to say "no" directly, positive language that is not reflective of actual feelings, or the absence of any kind of feedback.

These prescribed roles and obligations widely present in East Asian cultures hold in business practices. They create webs of mutual obligation, a characteristic of collectivist cultures in which focus is placed not on individuals, but the group as a whole—a stark contrast to the American emphasis on individual achievement and power in the workplace. In this section, I will examine observations of international businessmen and businesswomen who have engaged in negotiations and partnerships with businesses in China, Japan, and Korea. After identifying and characterizing common business practices in each of the countries, I will analyze the historical bases of these practices, and posit some roles that alcohol plays in each of the countries given common workplace structures and practices. I argue that, to varying degrees in each of the countries, the practice of drinking alcohol outside of the office temporarily suspends vertical hierarchies and rules of saving face for the purpose of strengthening workplace relationships.

Japan

The degree to which Japan operates as a high context culture seems even higher than China and Korea. Perhaps this is a result of *sakoku*, their prolonged period of enforced isolation from trade with other countries between the 17th and 19th centuries, during which Japan functioned as a completely independent social and economic system[28]. Conceivably, this lack of interaction with people from other nations could have reduced their reliance on linguistic expression in business—systems did not have to be explained to outsiders; they were simply understood. Furthermore, Japan's earlier economic boom and industrialization may have given them more time and resources (than China and Korea) to develop a business culture independent from the iron grip of western micro-management.[29]

In her book *Japanese Society,* sociologist, Chie Nakane, makes several observations about criteria for group formation and structure in Japanese businesses—namely that the more prominent a company becomes, the more vertical its hierarchies become, and thus the more formation of relationships between workers in the same company might be restricted. A rigid vertical structure limits the potential for group consensus because workers interact only with those above and below them in the vertical structure.[30] The existence of these vertical lines in business corroborates the hypothesis that Japanese offices rely heavily on hierarchies and unwritten, unspoken rules of communication in day-to-day operations. This reliance on group structure and consensus rooted in Confucianism

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[28] Sakakibara, Eisuke. *Structural Reform in Japan: Breaking the Iron Triangle*. Washington, D.C.: Brookings Institution, 2003. Print.

[29] Lehmann, Joseph. "The U.S. Occupation of Japan — Four Lessons for Iraq - The Globalist."*The Globalist*. N.p., 28 Jan. 2004. Web. 30 Nov. 2016.

[30] Nakane, Chie. *Japanese Society*. Berkeley: U of California, 1970. p.38-40. Print.

is widely mentioned by early scholarship on Japanese corporations from the 1970s and 1980s and is still obviously present in Japanese corporations today.

When Japan entered the peak of its economic boom in the 1980's American management scholar, Norman Coates, cited social cohesion and stability in corporations, which he posited stem from cultural, political, and religious factors, as the primary factor contributing to success[31]. Japanese business professor, Iwao Taka, posits that the apparent early success of corporations' reliance on cooperative and flexible relationships build on mutual trust created a widely held cultural view that Japanese businesses didn't need official ethics regulations because they were already inherently ethical.[32] Confucian notions of unequal relationships underlie group cohesion and business styles in Japan and create a sense of mutual obligation and assumptions of dominance or sub-ordinance even within employees of roughly the same rank in companies. As companies' bureaucracies grow and hierarchies become more intricate, this perception of a "vertical line" in workplace relationships may affect clarity of communication and the ability to achieve group consensus in the office.[33]

American business writer, Richard Lewis, notes in his book *Leading Across Cultures* that within Japanese companies, the top executives are generally not very involved in day-to-day matters of the company. When a lower level employee has an idea, they have to go through a process of collecting signatures from other workers, then from middle managers, until finally the signatures are delivered to top executives who ultimately have the final say

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[31] Coates, Ken, and Carin Holroyd. "Japan in the Age of Globalization." *Routledge.com*. Routledge, p.70. Web. 30 Nov. 2016.
[32] Taka, Iwao. "Business Ethics: A Japanese View." *Springer*. Business Ethics Quarterly, 1994. Web. p.1501-1502. 30 Nov. 2016.
[33] Nakane, *Japanese Society*. Berkeley: U of California, 1970, 63.

in whether or not to implement the idea. Yet ironically, Lewis found, Japanese people seemed reluctant to deliver messages indirectly or report news secondhand in official work settings. Lewis hypothesizes that this stems from a fear of reporting inaccurately and thus causing "embarrassment and failure." His secretary even refused to write down callers' messages when he was out of the office; when he returned, she instructed him to phone the original caller to get the message.

As far as negotiating with Japanese businesses, Lewis warns against imposing time limits on deals. Executives make deals by a general consensus, and decisions to form partnerships are generally desired to last long term. Lewis stresses that "preserving harmony" during the negotiation process is an imperative for Japanese executives. Most likely a vestige of Confucianism, executives treat foreign businessmen with "exaggerated respect" and expect foreign businessmen to return that "exaggerated respect." Out of respect, if they don't want to pursue a deal, they back out quietly and with a smile. Japanese executives never say "no" outright, and they do not respond favorably to blunt requests for an update on their thoughts about the deal.

Lewis observes that failing to show respect, speaking too bluntly, and rushing Japanese executives to make a decision ultimately lessens their trust in foreign businesspeople. Because business deals in East Asia are often orally agreed upon and informal, Japanese executives need to know that they can trust foreign businesspeople to keep their best interest in mind for the long term. Business partnerships, in their mind, function like relationships of mutual trust. If circumstances change for them, they expect

you to allow a renegotiation of terms. They prioritize solidarity within companies and within foreign partnerships.[34]

The refusal to move forward without first establishing total consensus and harmony slows the process of negotiating immensely. It seems that Japanese executives are not interested in speed—or sometimes even short term profit—they are interested in establishing long term bonds with potential business partners and among each other.

These bonds are not formed in the office, and in fact discussion of deals does not take place in the office—the risk losing face or causing someone else to lose face is too great. In Japan, group harmony depends, in part, upon adhering to notions of appropriate public behavior at the office in contrast to standards for private behavior, like at home or at the bar.[35] Decisions, therefore, are often made after work through discussions outside of the office. Japanese executives' decisions, furthermore, depend on establishing group consensus through listening to peers and subordinates in the company. Encouraging team building through company culture is designed to develop unselfishness and company loyalty in employees, so that they'll prioritize the company's overall health and long-term future.[36]

In Japan, alcohol's post-work role is historically longstanding. Since the beginning of rice cultivation in Japan, work and rewards have been conducted in a communal manner. Villages cultivated grain together, and when the harvest was complete, they often drank

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[34] Lewis, Richard D. *When Cultures Collide: Leading across Cultures: A Major New Edition of the Global Guide*. Boston: Nicholas Brealey International, 2005. p.501-509. Print.
[35] Doi, Takeo. *The Anatomy of Dependence*. N.p.: Kodansha America, n.d. *Google Books*. 2014. Web. p.55. 30 Nov. 2016.
[36] Kono, Toyohiro, and Stewart Clegg. *Transformations of Corporate Culture: Experiences of Japanese Enterprises*. Berlin: Walter De Gruyter, p.39. 1998. Print.

sake together for days in one long extended party—this continued into the twentieth century.[37] Unlike China, Korea, and most Western countries, Japan has never instituted a significant prohibition on alcohol drinking. Moreover, because of Japan's long period of isolation, Japanese people's positive perceptions of alcohol went largely unchallenged by foreign influence.[38] Essentially, until very recently, Japanese people have generally viewed alcohol as healthy, pleasant, and a positive moral influence.

In modern times, the Nomikai, or the post-work group migration of coworkers to bars, appears to have assumed the place of post-harvest celebrations. Still, the purpose—perhaps the imperative—is to build solidarity between people who work together—solidarity which cannot be strengthened to its fullest potential in the workplace and therefore must be done in another setting.[39] Participation seems to be all but mandatory. In his blog, John Spacey, a Canadian architect in Tokyo, describes the role of nomikai in strengthening workplace relationships and building trust:

"These parties usually involve speeches and may seem fairly formal at the beginning. As people drink, nomikai become less formal leading to a breakdown of rules…For example, employees may openly criticize strategy or talk about their personal life in more detail than usual. This breakdown in rules is considered valuable to build strong team bonds. During business hours, Japanese companies have a rigid structure that doesn't lend itself well to the open flow of ideas. Nomikai usually aren't explicitly mandatory. However, it's viewed negatively to skip one. Japanese companies take displays of team unity seriously."

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[37] Partanen, *Spectacles of Sociability and Drunkenness: On Alcohol and Drinking in Japan*, 187.
[38] Sakakibara, *Structural Reform in Japan: Breaking the Iron Triangle*, 14.
[39] Partanen, *Spectacles of Sociability and Drunkenness: On Alcohol and Drinking in Japan*, 190.

As in China and Korea, drinking in Japan seems serves as a means to build trust in workplace relationships as well as in new relationships with foreign partners. Late night bar outings foster vulnerability between parties, which hastens the formation of social bonds, which can eventually lead to the type of long term trust needed for work place harmony—or to seal the deal in negotiations with new partners. The vertical hierarchal structure of Japanese companies and the demands for publically expressing respect that follow naturally from Confucianism prevent the formation of social bonds between coworkers at the office. Little interaction takes place between superiors and juniors, and the interaction that does take place is formal and apparently virtually scripted.[40] This respectful distance between parties carries over in Japanese executives' interactions with representatives of foreign companies in negotiation.

The fact that carrying out of formal gestures and customs of respect does not allow for candid conversation about terms of negotiation or feelings about negotiations at the office might be especially confusing for foreigners who prefer direct communication in business. One might argue that adherence to rigid vertical, hierarchal workplace relationships don't seem to account for the freedom of expression and feedback that creative modern solutions demand. Scholarship on Japanese business, in addition to common observations like Lewis's, hold that these rules apply to the *office.* Outside of the office, rules of formality are temporarily suspended in favor of honest conversation and feedback. In order to form the bond needed to establish trust in business, it is essential for

[40] Partanen, *Spectacles of Sociability and Drunkenness: On Alcohol and Drinking in Japan*, 186.

Japanese workers and foreign partner hopefuls to attend and respect these post-work events.[41]

Consistent with Spacey's description, nomikai often begin formally over dinner with charted seating based on rank and adherence to formal toasting customs. After the first toast, formality fades into informal socialization and the exchange of sake cups—a sort of "toasting handshake." The dissolution of formality can take place relatively slowly or extremely quickly after the first toast, but once the sake exchange begins, intimate conversations and the giving of feedback can occur.[42]

In this way, alcohol seems to serve as a necessary excuse for the suspension of Confucian rules. The free sociability of many western workplaces allows for direct, verbalized feedback in the office. The higher degree to which Japanese businesses operate within hierarchies and rely on nonverbal communication for work severely limit the capacity for offering direct, verbal feedback. For foreign businesspeople in Japan, attending nomikai may be the only hope for receiving constructive feedback from Japanese executives. For Japanese junior and senior workers, nomikai may be the only chance to cross hierarchies in order to offer constructive criticism or feedback to one's coworkers. According to Spacey, the amount and type of beverage one drinks at nomikai does not necessarily affect one's participation or other's perceptions of one's participation in informal socialization or candid conversation that occur during post-work events. He explains:

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[41] Partanen, *Spectacles of Sociability and Drunkenness: On Alcohol and Drinking in Japan*, 195.
[42] Partanen, *Spectacles of Sociability and Drunkenness: On Alcohol and Drinking in Japan*, 190.

"Many people in Japan don't drink or can only drink very small amounts. Nomikai should include a selection of non-alcoholic beverages. If you don't want to drink, communicate this clearly and directly as people will eagerly pour drinks for you in the spirit of hospitality. If you want to drink in moderation, a good strategy is to leave your drink full for long periods of time. According to Japanese drinking etiquette, people will continually refill your glass and it can be difficult to keep track of consumption….at the end of the nomikai, someone may suggest a nijikai or second party. This party is twice as wild as the first and might include karaoke or night clubs. Where a nomikai is considered a company event, a nijikai is a fully optional thing and attendance dwindles down to a smaller group."

Considering the varying amounts that participants may drink as well as the varying speeds at which nomikai may become relaxed and informal, it seems that the drinking of actual alcohol in Japan is a prop. The presence of alcohol seemingly does not matter as much as the symbolism of holding a glass and expressing solidarity by attending post-work drinking events. The existence of the nijikai suggests that those who most prioritize alcohol consumption achieve this after, not at, nomikai. Furthermore, it seems that the strengthening of bonds and offering of feedback is efficiently accomplished at nomikai and can proceed with relatively limited alcohol consumption.

In his blog, Adam Miller, an American ex-pat living in Japan supports this idea and offers advice for those at nomikai who would rather not or cannot participate in alcohol consumption:

"Even if you hate the stuff and have been gasping for a high-ball all day, acquiesce and make the first one a beer. Everyone will have the same, even those that don't normally drink, so that when the boss gives his little speech, everyone is on an even playing field for the big "cheers"…you waving around a florescent green melon-soda may not be a great idea. If you are allergic to or have religious reasons that prohibit you drinking alcohol, virtually every restaurant stocks non-alcoholic beer, which looks the part. If they are all out, or they are just too disgusting for you, get an ice tea, they look just as boring as beer."

Miller's advice is consistent with the idea that Japanese businesspeople who prefer not to drink do exist and can participate with minimal alcohol consumption. Furthermore, his assertion that restaurants often carry non-alcoholic beer supports the idea that one can fake participation by drinking a non-alcoholic beverage. The existence of these alternatives support the idea that one could possibly engage in the symbolic gestures of nomikai without drinking alcohol, and thus that the consumption of alcohol is not as important as the desire to express solidarity and participate. Still, the idea of alcohol in Japanese business, the pretense of its existence, seems to be a key facilitator in working around hierarchies and rules of conduct to ensure that the formation and strengthening of bonds occurs and that feedback and criticism are enabled. Without the presence of alcohol at a nomikai, these objectives would arguably not be achieved in Japan.

China

The tradition of *jiu,* or alcohol consumption, historically played a longstanding role in hospitality, ritual, medicine, and recreation in China. The conditions surrounding the Cultural Revolution during the 1960s and 1970s, however, decreased alcohol production as well as the frequency of alcohol consumption.[43] After the Cultural Revolution, China began playing catch up with global economic powers, and since then, consumption of alcohol has increased in parallel to China's economic growth, resuming its role as a cornerstone of social gatherings including in business. In the 21st Century, alcohol retains a high degree of significance and presence in business events—especially among older businesspeople. Younger businesspeople are expected to display their humility and adherence to workplace hierarchies by participating in traditional toasting practices and post-work social events. Furthermore, alcohol still holds a place in solidifying bonding among coworkers outside of the office as well as welcoming and forming relationships with potential international business partners.[44]

Younger generations of Chinese businesspeople and the executives of newer companies in China, however, seem to increasingly prefer a more direct style of communication. They prioritize speed and efficiency in negotiations and decisions as compared to their older colleagues.[45] As direct communication in business becomes more acceptable, alcohol consumption at work related functions in China seems to hold more of a

[43] Powell, David J. "Alcoholism and Drug Abuse in China." International Center for Health Concerns, 2004.
[44] Lam, Eddie Yatming. "Drinking at Chinese Business Banquets: A Primer." The Wall Street Journal, 28 June 2013.
[45] Chen, Siyi. "The Complete Guide to Business Drinking In China." Quartz, 1 Aug. 2016.

social and symbolic function as compared to Japan where it serves as an essential vehicle for honest conversation about work.

Modern formal drinking practices and the purpose that drinking often serves in Chinese business are historically rooted in the idea of *Guanxi*—a network of relationships between people, based on mutual obligation and reciprocity, that can influence business dealings.[46] Guanxi is rooted in the Confucian ideal of duty to help those in one's network and the trail of people connected to those in one's network. Often, Guanxi, is thought of as a method of economic organization absent of laws or formal rules.[47] Acting on Guanxi is central to Chinese social and business relationships in that people keep track of an unwritten balance of debts owed and paid to others in their social circles. Due to the prioritization of filial piety, loyalty, and trust, the bonds of mutual obligation created through the formation and maintenance of relationships are necessary in forming new business partnerships.

Sociologists, Mayfair Yang, Ying Lun So, and Luo Yadong describe the importance of Guanxi in layers of interactions known as *ganqing* (affection), *renqing* (obligation), and *xinren* (trust), which characterize the intentions behind actions as well as the emotional effects for all parties in interactions. The concept of *ganqing,* essentially the "good feelings" one derives from a positive interaction, determines the sustainability of Guanxi, and socialization involving drinking helps build ganqing.[48] On a macro scale, Guanxi can be a negotiation tool through which businesspeople call on the mutual obligation formed

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[46] Yang, Mayfair Mei-hui. "Chapter 1-3." *Gifts, Favors, and Banquets: The Art of Social Relationships in China*. Ithaca, NY: Cornell UP, 1994. p.376. Print.
[47] So, Ying Lun., and Anthony Walker. *Explaining Guanxi: The Chinese Business Network*. New York: Routledge, 2006. p. 3. Print.
[48] Luo, Yadong. Guanxi and Business. Singapore: World Scientific, 2000. p.16. Print.

through maintaining their relationships with others in order to gain something from potential business partners. On a micro scale, Guanxi is present in the reciprocity of shared post-work experiences like continually filling others' glasses and exchanging toasts during banquets.[49]

Social events are often used to expedite the formation of relationships in business by allowing potential partners to prove their trustworthiness through bonding experiences that involve alcohol. Chinese companies value the openness and vulnerability that accompanies events with alcohol. The participation of potential business partners may indicate that they are willing to get to know the company's employees and agree to the give-and-take nature of a long-term business relationship. Adhering to Confucian ideals in business by practicing Guanxi to monitor "distinctions between outside and inside, close and distant relations" has remained present in the way executives and employees interact with each other and potential partners.[50] Alcohol's involvement in business, however, has fluctuated with changing political and economic conditions that impacted the accessibility of alcohol to the general population.

When the Chinese Communist Party (CCP) achieved power in 1949, they instituted a monopoly on alcohol production in order to limit consumption so as to allot more resources to the military and save grain for food. Inferior ingredients and production methods were used for brewing, and the demand for alcohol decreased in the face of widespread famine and natural disaster. However, the CCP's monopoly on alcohol weakened during the Cultural Revolution due to structural changes in the Chinese government, so during the opening up of China in the 1980s, alcohol production once again

[49] Yang, *Gifts, Favors, and Banquets: The Art of Social Relationships in China*, 46-48.
[50] Yang, *Gifts, Favors, and Banquets: The Art of Social Relationships in China*, 71.

became diversified and consumption increased.[51] As the Chinese economy rapidly grew, alcohol regained its prominence in social practice, and its role in business still carried out the traditional function of displaying hospitality and fostering interaction between coworkers at various positions in company hierarchy. [52]

Today, actual consumption aside, the presence of alcohol during events that facilitate displays of hospitality and interactions between coworkers of varying seniority holds symbolic significance rooted in the positive perceptions surrounding the traditions of its consumption[53]. In business, alcohol provides a mechanism by which boundaries in relationships can be overcome for the purpose of strengthening bonds viewed as necessary for the health of a workplace as well as the vetting of new business partners.
American business writer, Richard Lewis, notes in his book *Leading Across Cultures,* the importance to Chinese business of observing one's position in the workplace hierarchy and paying attention to reciprocity.

Consensus of the whole group is valued in reaching decisions, but Lewis notes that Chinese executives are more direct in terms of offering feedback on performance or ideas than Japanese executives. He explains that feedback is still presented in a relatively indirect manner and with attention to politeness to avoid loss of face—but, younger Chinese businesspeople are especially accepting of the Western preference for forthright discussion of feelings about terms of a potential deal. Still, they usually steer away from saying "no" outright, and the pace of negotiations in established businesses is relatively

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[51] Guo, Xu. "The Development of Alcohol Policy in Contemporary China." Journal of Food and Drug Analysis, 2015. p.21.
[52] Martin Scott C. (Christopher) *The SAGE Encyclopedia of Alcohol: Social, Cultural, and Historical Perspectives: Scott C. (Christopher)* N.p., 14 Jan. 2015. Web. 30 Nov. 2016.
[53] Heath, *International Handbook on Alcohol and Culture*, 48.

slow. Lewis reiterates that negotiations are social occasions to evaluate a potential business partner's viability for a long-term relationship.[54]

For the time being, when dealing with established Chinese companies, it seems to be a necessity for western businesspeople to participate in traditional drinking practices during social events that precede negotiation of terms. Ultimately, the role of alcohol in Chinese business appears to be less integral to the function of a workplace than in Japan, but participation is still mostly mandatory as a facilitator of social bonding between coworkers and as a mechanism of trust building with potential business partners.[55]
As in Japan, "the faking of drinking" does occasionally occur, but the symbolic presence of alcohol at post-work events and participation in drinking practices at events is a necessary element in establishing group cohesion. The head of corporate and business development at CITIC Securities International (a leading China-focused investment banking firm), Lam Yatming, discusses the necessity of participation in alcohol consumption in business gatherings in an article for the Wall Street Journal:

The ritual and rhythm of toasting is designed to build up an atmosphere of mutual respect between host and guest. Drinks serve as a vital tool for good Guanxi, or relationships, and toasts can be made frequently throughout the banquet until the very end. The order of toasts is key. What matters here is whether you're a host or a guest, and how high you rank in business terms. The order of toasting must be in line with the host-guest relationship and the status of the person giving the toast… There's no getting around this: At a Chinese banquet, a

[54] Lewis, *When Cultures Collide: Leading across Cultures,* 514-518.
[55] Chen, *The Complete Guide to Business Drinking In China*.

person who does not touch alcohol at all while others are drinking is regarded more or less as an outcast. If that person is you, you'll stand a low chance of making a business deal."[56]

As a senior executive, Lam represents the traditional views of Chinese Executives—that the conduct of attendees at work functions outside of the office should be informed by the observance of Confucian hierarchies and the dutiful consumption that entails. Adults who entered or were already present in the workforce after the Cultural Revolution saw political changes that created a new class of business elites who looked favorably upon drinking in public and drinking often. The ability to acquire expensive alcohol, particularly foreign brands, was an indicator of high social status.[57] Perhaps a result of the hardship people endured during the famines and military conflicts of the mid-twentieth century in mainland China, alcohol consumption doubled in the 1980s and 1990s when food products were again widely available.[58]

With increased global status and exponentially increasing wealth, China's business elite felt the urgency of catching up to Western economic powers and Japan. The maintenance of traditional drinking practices in work-related events provides a mechanism for displaying businesspeople's increasing wealth and social status while allowing them to retain the traditional cultural significance of alcohol consumption for Guanxi in business in the face of globalization and western influence.[59] For a foreign guest, playing out one's appropriate role in the drinking games preceding negotiations, and thus

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[56] Lam, *Drinking at Chinese Business Banquets: A Primer*.
[57] Hames, Gina. "Alcohol in World History (Paperback) - Routledge." *Routledge.com*. Routledge, 2014. Web. p. 108. Nov. 2016.
[58] Guo, *The Development of Alcohol Policy in Contemporary China,* 20.
[59] Hames, *Alcohol in World History*, 109.

displaying one's respect for this tradition, can help gain the trust of older Chinese business executives necessary for making a deal. Chen Farong, a 50-year-old agricultural products businessman notes the benefits of participation:

Yes, people in an "inferior" position are obliged to drink more, but that can give them negotiating power. "If you want to kiss someone's ass, you somehow drink according to their wishes. But it's not that simple. It's a mutual game that allows both sides to play to their strengths…Those who drink whenever toasted can end up walking away with a good deal or a promotion."[60]

Though drinking tends to facilitate the crossing of hierarchal barriers to aid in the achievement of group consensus for deals, the amount one must drink is often determined by one's place in the hierarchy. Initiating toasts is an indicator of superiority, and people in "inferior" positions (like junior employees) are usually forced to drink more—often as proxy drinkers for their superiors on the receiving end of toasts.[61] In this way, alcohol serves as a mechanism for junior employees to bond with their superiors in order to gain their mentorship in the office and prove their loyalty to the company, paving the way for future promotions[62].

Failing to participate in the social events that establish trustworthiness, including taking part in toasts with alcohol, will interfere with the ability to connect with others in the group. Alcohol's presence at these events has been constant for decades (altered only

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[60] Chen, *The Complete Guide to Business Drinking In China*.
[61] Chen, *The Complete Guide to Business Drinking In China*.
[62] So, *Explaining Guanxi: The Chinese Business Network*, 109.

by the inclusion of foreign liquor brands), but in the 21st Century, its role in business and society seems to be changing. Recognizing individual identity and preferences in business is becoming more acceptable and is challenging traditions of China's collectivist business culture. Generational differences of opinion on the purpose of alcohol consumption are apparent in the contrast between how younger Chinese businesspeople's adherence to traditional practices to please older superiors and their personal views on alcohol's relationship with business.

According to Dr. Yang, the presentation of Guanxi in Chinese business is changing. Older generations grew up in a less mobile China—the carrying out of obligations relative to one's position in hierarchies at work and at home were high context and indirect to save face. After all, one's coworkers and business partners almost always lived in one's neighborhood, ensuring one's continued accountability to them. China's breakneck economic development, and the heavy foreign influence that accompanied it, saw a transition from coded social interactions and gift giving in Guanxi to, now commonly, direct exchanges of money between parties and more open communication.[63] Now, domestic business negotiations take place over the whole of China's vast geographical expanse, and international business partnerships are prevalent. With the increasing ability to travel and the necessity of it in China's now highly industrialized economy, Chinese people's preferences for communication in negotiation is beginning to change.[64] Dr. Yiu Chung Lee, a philosopher at Robert Gordon University, concurs that the importance of Guanxi is diminishing with the emergence of entrepreneurship and ecommerce. While the initial set up of business requires Guanxi for growth, it is seen by younger generations as an

[63] Yang, *Gifts, Favors, and Banquets: The Art of Social Relationships in China*, 76.
[64] Chen, *The Complete Guide to Business Drinking In China*.

advantage but not a requirement—the emphasis on obligation and reciprocity in the face of a monetized economy and material markers of repayment.[65]

Young people in China increasingly prioritize individuality in spite of the collectivist attitude of previous generations that remains prevalent in Chinese culture. In a 2013 survey conducted by the China Youth Daily newspaper, 82% of young people in China believed that "drinking is essential for career development," yet 84% also noted that they "hate being obliged to drink."[66]

Chinese-American journalist Siyi Chen writes of the generational divide in drinking: "*As China grows and changes, many young people are beginning to reject the intricate politics and etiquette of the professional drinking "game"… Rather than being forced to play along, this new generation wants to write rules of their own. They're taking drinking culture from grandiose restaurants, to bars, casual salons, and their living rooms… But* changes *don't come overnight. There is another half of the world, mostly their parents' generation, still "shedding blood" on the old roundtable* [partaking in traditional work-related heavy drinking games]."[67]

To young Chinese entrepreneurs, the slow pace of negotiation and the importance assigned to forming long-term relationships with business partners that marks their parents' generation is not suitable to meet the demands of innovation in China's rapidly expanding ecommerce market. Consumers place more emphasis on convenience and speed of delivery, and business leaders have to adjust. These young entrepreneurs prefer to meet over tea instead of liquor and want to skip the small talk to cut directly to talking

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[65] Lee, Yiu Cheng. *The Contemporary Role of Guanxi in Chinese Entrepreneurship*. N.p.: Robert Gordon U, 2014. p. 280. Print

[66] Zhou, Yin. "Survey of Youth Alcohol Preferences." China Youth Daily, 2013.

[67] Chen, *The Complete Guide to Business Drinking In China*.

about terms of a deal[68]. 29-year-old Chinese-American businessman, Peter Song, expresses disdain for the traditional role of alcohol in negotiations:

"*My family runs restaurants and I grew up watching people fight because of drinking. Why? Disputes emerge when people don't keep the promises they made while they are drunk, which happens a lot. But how can you take it seriously? My grandpa sold our family house when he was drunk. That's the ultimate lesson for me*."[69]

The power of older executives who prefer to adhere to traditional post-work celebrations and hold long-term relationships with business partners ensures the current necessity of alcohol in business for its function of strengthening bonds between coworkers and establishing trust with potential partners—the hierarchal order is deeply set within Chinese culture.[70] Chinese entrepreneurs, however, are increasingly open to adopting Western business attitudes in their innovations in the ecommerce market.[71] In keeping with this trend, drinking seems to be increasingly enjoyed for leisure among younger generations.[72] The generational gap in drinking preferences suggests that the need for traditional, Confucian-influenced, post-work drinking practices intended to honor hierarchies and establish relationships, though important now, might be reduced or eliminated as China's economy enters into new territories.

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[68] Erisman, Porter. *Alibaba's World: How a Remarkable Chinese Company Is Changing the Face of Global Business*. New York City: Palgrave Macmillan Trade, 2015. p. 90. Print.
[69] Chen, *The Complete Guide to Business Drinking In China.*
[70] So, *Explaining Guanxi: The Chinese Business Network*, 89.
[71] Lewis, *When Cultures Collide: Leading across Cultures,* 461.
[72] Chen, *The Complete Guide to Business Drinking In China*.

South Korea

The idea of harmony is presented differently in Chinese, Japanese, and South Korean business cultures. Japanese harmony, *wa,* emphasizes strength of the group for the purpose of achieving consensus and operating efficiently. Chinese harmony, *Guanxi,* extends the imperative to procure favors for and from those beyond members of one's group in order to accomplish tasks through relationships based on mutual obligation. In South Korea, although acceptance into the in-group predicates productive conversations in businesses, the Korean idea of harmony, *inhwa,* not only extends beyond the in-group but prioritizes the cultivation of emotional connection in relationships.[73] Heavy emphasis is placed upon intimately knowing one's coworkers.

South Korean business structures are hierarchal, and rules of Confucianism limit honest feedback between superiors and juniors in the office. Still, workplace communication outwardly appears to mimic a degree of informality in that humor and mild conversation are allowed. In speaking with potential business partners, South Korean executives may offer useful feedback or ideas, but they still expect foreigners to respond with deference to seniors with high rank and respect Korean workplace hierarchies.[74] Collectivism in South Korean business is understood not only in terms of putting group interests over individual interests but in distinguishing between in-group and out-group. South Korean businesspeople by default often distrust those outside of their in-group until

[73] Bae, Johngseok, and Chris Rowley. "Managing Korean Business: Organization, Culture, Human Resources and Change (Paperback) Routledge, 2012. Web. 30 Nov. 2016.
[74] Lewis, *When Cultures Collide: Leading across Cultures,* 502.

the outsiders have proven their trustworthiness and desire to build emotional connection to the group. [75]

Alcohol facilitates *inhwa* by allowing South Korean businesspeople to form the emotional connections to their coworkers or potential partners that they view as necessary to efficiently carrying out work. The idea of *kibun*, or a person's emotions and selfhood (closely related to the idea of "face"), is central to inhwa and prohibitively controls interactions in daily Korean life as well as business. South Korean businesspeople are expected to be able to read clients' and potential partners' *kibun* in order to adaptively react to prevent loss of face and group harmony. In order to prevent their own feelings from interfering with harmony, they are expected to not let their true feelings show in their facial expressions or speech if that would interfere with inhwa.[76] Alcohol can serve as a release from these rigid behavioral expectations for interactions with others without interfering with *kibun*. Attending South Korean post-work drinking events, or *hoesiks*, is necessary to prove allegiance to and remain within the in-group, and post-work events are notorious for facilitating group binge drinking.[77]

Alcohol allows businesspeople in South Korea to display vulnerability and cross hierarchies to offer honest feedback, which cannot be achieved in the office. Drinking in South Korea, however, extends beyond the business sphere to South Korean culture as a whole—drinking is common and accepted in South Korea regardless of age or gender.[78] The drinking practices at post-work parties might closely resemble the drinking parties at

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[75] Bae, *Managing Korean Business: Organization, Culture, Human Resources and Change*, 74.
[76] Shim, T. Youn-ja, Min-Sun Kim, and Judith N. Martin. *Changing Korea: Understanding Culture and Communication*. New York: Peter Lang, 2008. p.178. Print.
[77] Cho, Tammy. "A Sobering Look at South Korea's Drinking Culture." The Monsoon Project, 10 Oct. 2016.
[78] Chao, Steven. "The Country with the World's Worst Drinking Problem." Al-Jazeera, 7 Feb. 2016.

family gatherings or that college students throw with their peers, which reinforces the normality of the South Korean perception that drinking at events is a tool for emotional bonding.

The widespread use of drinking to enhance *inhwa* makes drinking less of an exclusive, formal event. Drinking in South Korea serves a trust-building, group strengthening function, but with more of a social purpose in keeping with the emphasis on forming emotional bonds with others. South Korean businesspeople's communication is most direct and honest with members of their in-group, so proving loyalty to the company by staying late and drinking when toasted is useful for forming the relationships necessary for gaining access to important information related to one's work.[79]

Due to South Korea's limited natural, financial, and technological resources, foreign countries, including the United States, heavily influenced their economic development—thus, South Korean businesspeople have exposure and openness to Western ways of thinking.[80] However, South Korea's ability to retain their culture in spite of conflict with Asian powers and colonization by Japan (1910-1945) is the basis for the pride with which South Korean businesspeople perceive their culture. Along with the strengthening of nationalism, colonization also created a deep mistrust for foreigners and a default assumption that foreigners have malicious intentions. [81] After Japanese colonization ended, the South Korean government responded by implementing policies to protect the economic interests of its own people—at the expense of trading partners—in order to prioritize its own growth. The sting of colonization and being caught in the middle of other countries'

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[79] Bae, *Managing Korean Business: Organization, Culture, Human Resources and Change*, 73.

[80] Bae, *Managing Korean Business: Organization, Culture, Human Resources and Change*, 75.

[81] Mente, Boye De. *Korean Business Etiquette: The Cultural Values and Attitudes That Make up the Korean Business Personality*. Boston, MA: Tuttle Pub., 2004. p. 16. Print.

conflicts dichotomized Koreans' perceptions of their own interests as opposed to foreign interests and motivated them to keep their in-group interests secret—privy only to members.[82]

The result of this distrust for outsiders was the creation of exclusive group units at work and home to which one must display loyalty and with which one is allowed to be candid.[83] During post-work drinking parties, coworkers—senior and junior—air grievances with each other, offer honest feedback on performance, and strengthen emotional closeness by displaying vulnerability in their drunkenness. The next day in the office, however, Confucian rules of conduct and respect for hierarchies resume. In negotiations, potential business partners who are invited to call a South Korean superior by his or her first name at the bar must revert to calling the executive by his or her surname in the office.[84] In this way, post-work drinking parties mark drastically difference expectations for behavior inside and outside of the office.

South Korean businesspeople view mastery of both types of behavior and participation in both types of environments to be integral to the workplace. In business, actual consumption of alcohol seems to be all mandatory for gaining trust and moving up in a company partially because in modern South Korea, drinking in excess is not considered as taboo as in Japan and China.[85] In fact, at the beginning of the night, emotional closeness

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[82] Mente, *Korean Business Etiquette: The Cultural Values and Attitudes That Make up the Korean Business Personality*, 20.
[83] Bae, *Managing Korean Business: Organization, Culture, Human Resources and Change*, 84.
[84] Mente, *Korean Business Etiquette: The Cultural Values and Attitudes That Make up the Korean Business Personality*, 15.
[85] Cho, *A Sobering Look at South Korea's Drinking Culture*.

is often displayed through the exchanging of glasses between people during toasting.[86] At the end of the night, bonding may occur over exchanging embarrassing stories or stumbling home. Formalities around drinking may not be as pronounced as in Japanese nomikai. The social nature of going out for post-work drinks in South Korea is focused less on the symbolic fact of alcohol's presence at the event and more on the actual consumption of alcohol. Unlike in Japan and China where drinking often occurs at banquets with food present, consumption of alcohol to foster sociability is the central focus of many post-work parties. In this way, the role of alcohol in business in South Korea adopts a unique function of facilitating leisure as well as compensating for the difficulty of forming close bonds of emotional connection between coworkers in the office during the day.

Thus, alcohol might be characterized as less integral to the efficiency of an office—though it does serve that function—but rather central to the emotional closeness that South Korean businesspeople perceive to be integral in all aspects of life including business. For this reason, proving one's trustworthiness by participating in events with alcohol and staying late to display vulnerability and show interest in the in-group (a commitment to *inhwa*) is especially important for foreign businesspeople seeking to form partnerships with South Korean companies.

Though foreigners may be given a pass for being unfamiliar with customs or having cultural values that discourage drinking, the heightened prioritization of emotional bonding that is achieved through drinking games and acts to encourage vulnerability at post work parties might be hard to simulate if one is unwilling or unable to consume

[86] Mente, *Korean Business Etiquette: The Cultural Values and Attitudes That Make up the Korean Business Personality*, 10.

alcohol.[87] As difficult as it already is to break into the in-group, failure to participate in alcohol consumption exhibits a marked difference between the non-drinking individual and the drinking group. South Korean businesspeople believe that differences should be de-emphasized to facilitate the cohesiveness of the group as a whole[88].

American business writer, Richard Lewis describes differences in communication between the in-group and outsiders in South Korean business. Third party introductions, he notes, are necessary to even begin the process of gaining trust with a South Korean company—there must be some established commonality as a prerequisite to beginning the process of gaining trust. Being forced historically to compromise their interests in the face of colonization and conflict have made them especially sensitive to competition and eager to gain an upper hand—sometimes by presenting intentionally misleading information and keeping important information to themselves. During the day at the office, failure to show respect for South Korean business protocol and practices could result in the Korean company totally withdrawing and ignoring a potential business partner. At night during post-working drinking practices, failure to exhibit likeability and capacity for humor will damage *inhwa* and hinder acceptance into the in-group, eventually having the same effect. Gaining South Korean executives' trust and affection is essential in creating a lasting business agreement, he concludes.[89]

Drinking alcohol in South Korea is viewed as bringing out the best in others as well as oneself—drinking increases one's likeability and, like in Japan, drinking temporarily suspends the rigid behavioral standards for Confucian rules of conduct. Though they are

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[87] Cho, *A Sobering Look at South Korea's Drinking Culture*.
[88] Earley, P. Christopher. *Face, Harmony, and Social Structure: An Analysis of Organizational Behavior across Cultures*. New York: Oxford UP, 1997. p.105. Print.
[89] Lewis, *When Cultures Collide: Leading across Cultures,* 502-507.

aware of potential for adverse health effects, many South Korean businesspeople view overconsumption of alcohol to be a healthy release that cannot be achieved without the stimulation provided by alcohol.[90]

A Korean executive in the 2016 documentary, South Korea's Hangover, explains:

"In the office, it is not easy to talk directly to our seniors because we have to have a good attitude toward our seniors, so [this is healthy for us because] *it's kind of a way to help* [our] *stress out."*

When asked whether Koreans should drink less, he responded:

"Absolutely not. Liquor is something that's naturally shared between friends and family. I think Korean drinking culture is very uplifting. So I don't think the day we have less will ever come … nor should it."[91]

The average rate of alcohol consumption is remarkably high in South Korea. According to a 2014 survey conducted by Euromonitor to rates of consumption between different countries, South Koreans, on average, consume the equivalent of fourteen shots of alcohol a week while Japanese consume about four and Chinese consume about two.[92] At fourteen shots per week, South Korea holds the highest average rate of alcohol consumption on earth.

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[90] Strother, Jason. "What Psy's 'Hangover' Doesn't Say about South Korea's Drinking Culture." The Wall Street Journal, July 2014.

[91] Chao, Steven, *The Country with the World's Worst Drinking Problem*.

[92] Ferdman, Roberto. "South Koreans Drink Twice as Much Liquor as Russians and More than Four times as Much as Americans." Euromonitor, 2014.

Confirming the prevalence of heavy drinking in South Korea, the World Health Organization estimates that about 6% of the population have alcohol dependency problems, and the Journal of Korean Medical Science reports that on any given night in South Korea, about six million individuals consume close to ten million beers and nine million bottles of soju liquor, a consumption rate higher than any other country in the world.[93] South Korean culture as a whole's tendency toward a much higher than average rate of alcohol consumption means that Korean employees as well as foreigners might be encouraged to consume more than they would at comparable business functions in Japan and China. American expat, Michael Kocken, who lives and works in South Korea, describes the common practice of enforcing compulsory drinking at post-work events:

"So you had an extra-long meeting and you have arrived at the hoesik a little late? No problem but be ready to consume [alcohol]. Since you have arrived late and your co-workers have already been drinking for a while, you need to 'catch-up' to the same level of tipsy-ness to ensure that everyone is on the same level. In my experience this 'fine' was usually 3 shots at once…a reputation as a 'good' drinker in Korea is more important than being a good worker…[he goes on to describe drinking penalties in a game called "black knight"]… *One can ask someone to be their black knight or someone can offer to do it* [serve as the black knight]*, but once you've done it, you're theirs for the rest of the night. If you ask someone and they refuse then you have to take two drinks*."[94]

[93] Lee, *History of Traditional Korean Alcoholic Drinks*, 3.

[94] Kocken, Michael. "Korean Drinking Culture: A Complete Guide to Drinking in Korea." *Asia Options*. N.p., Nov. 2015.

One might argue that alcohol's prevalence in South Korea is more characteristic of the country's overall culture than their business culture specifically. Korean people in general drink significantly more than Japanese people and Chinese people. The function that drinking alcohol serves for facilitating group bonding in business is similar to the function that it serves among groups of friends and family. The ultimate goal of drinking is to facilitate socialization in a culture with strict Confucian rules for behavior during the day—drinking provides a release from those rules and an opportunity to share experiences of vulnerability that build trust and strengthen *inhwa*.[95]

Though this function may be more a characteristic of South Korean society than of South Korean business, the role it plays in South Korean business may be irreplaceable in many cases by alternative methods. Due to the difficulty, as an outsider, of gaining trust and inclusion in in-groups, being unable or unwilling to share in an activity in which the rest of the group is actively participating would be disruptive to *inhwa* and a strike against an outsider's inclusion. Non-drinkers would need to devise a way to share in and contribute to the group's vulnerability without actually being drunk, which might prove a difficult task for foreigners. Pretending is an option, but it may be harder to get away with in South Korea than in Japan or China where overconsumption in drinking culture is not as widely accepted. Kocken describes his intricate method of avoiding overconsumption:

"Luckily there are ways to avoid drinking without letting any of your co-workers know. It's often a virtue to be considered a 'good drinker' and the longer you stay at the dinner/drinks the more chances you will have to bond, find out valuable information about co-workers and

[95] Bae, *Managing Korean Business: Organization, Culture, Human Resources and Change*, 73.

the business, develop good relationships with your bosses and earn a good reputation. To ensure I was always there at the end to help my boss into a taxi I used to secretly spit out drinks. Now almost every Korean barbecue or soju-selling establishment in Korea will have the traditional metallic cups for water – save this tactic for later in the night but grab one of those cups and pour in a little water to establish that you are drinking water. Now after having a shot of soju it's common for Koreans to have some cider (sprite) or water as a chaser. It's simple, don't swallow your shot of soju, immediately grab the metallic water cup and proceed to spit the soju into it while pretending to drink from it."

This highly involved method of faking alcohol consumption illustrates the importance of maintaining at least the appearance of participation at post-work drinking events in South Korea. Drinking in South Korea is valued in leisure and business less for its symbolism and more for the actual physical effects it brings—to allow vulnerability between people who will not speak candidly with each other during the day, and thus to strengthen group cohesion. Unless South Korean people come to no longer believe in the positive effects that they perceive alcohol to have for relationships and group harmony, drinking alcohol will probably remain prevalent in Korean business and thus an imperative for participation of potential business partners.

In the next section, I will present the findings of my survey to discuss current attitudes toward drinking in business in East Asia and posit potential commonalities and differences of alcohol's effect on company culture in each of the three countries. I will also discuss studies on the effectiveness of achieving desired terms for both parties during negotiations that involve alcohol. Ultimately, I will evaluate current trends in order to

predict the future necessity (or lack thereof) of participating in alcohol consumption during business negotiations in East Asia. Additionally, I will offer suggestions for alternative methods of gaining the trust of executives in East Asian businesses if one is unable or unwilling to drink. These suggestions will be based on non-drinking methods of fulfilling the role on the role that alcohol currently plays in each of the three countries.

My Survey of Individuals with Experience Working in East Asia

To test the hypotheses about alcohol's role in business in China, Japan, and South Korea that I developed through my research as well as to gather new ideas about how one might effectively avoid alcohol consumption and still gain businesspeople's trust, I administered a survey to individuals who have worked in East Asia. I advertised my survey to students in the University of Texas East Asian Studies department, the University of

Texas Global Professional Training network, my connections from study abroad programs that I completed in mainland China and Taiwan, as well as graduate students and faculty from top U.S. Asian Studies programs across the United States. I received responses from 51 individuals who have had experience ranging from four weeks to forty years of working in China, Taiwan Japan, and South Korea. Their occupations range in company hierarchy from intern to CEO and include the fields of engineering, education, research, and journalism, among others.

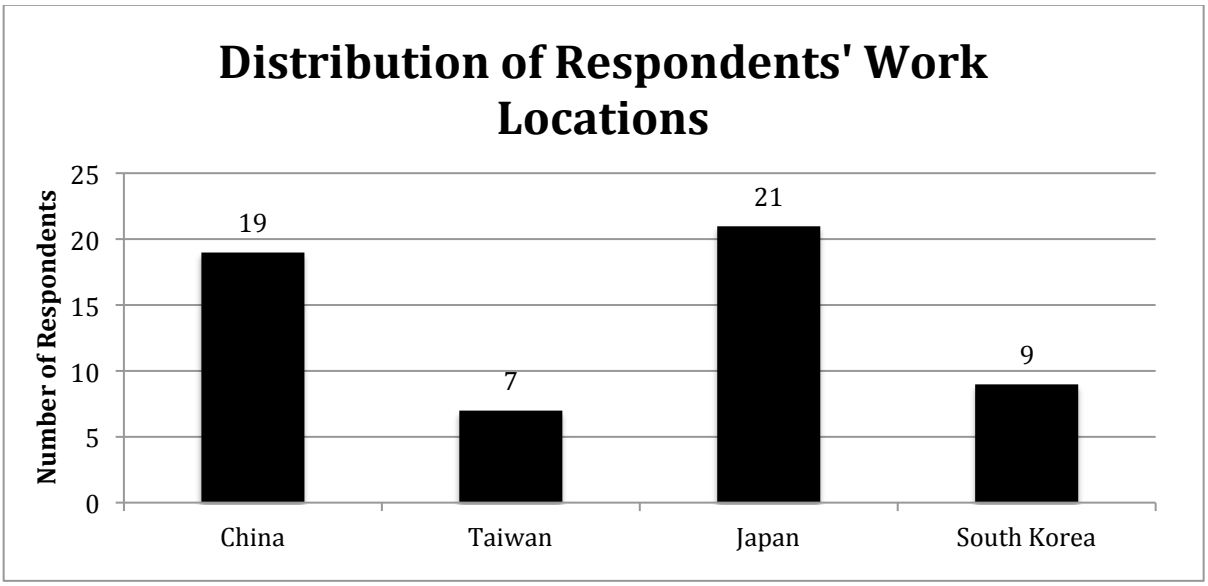
I should note that my survey results should not be considered valid scholarly research. In asking respondents to answer questions from memory that I am unable to validate through observation, the data I collected may be subject to self-reporting bias. Due to the fact that my survey was administered in English and was primarily disseminated to former East Asian businesspeople now living in the United States, my data may be subject to sampling bias. All respondents were people to whom I could advertise my survey through social media or email. Respondents were disproportionately representative of China and Japan as well as disproportionately under forty years old, so my data may be subject to selection bias. Given that all respondents were willing to complete the survey with no compensation, my data may be subject to response bias.[96]

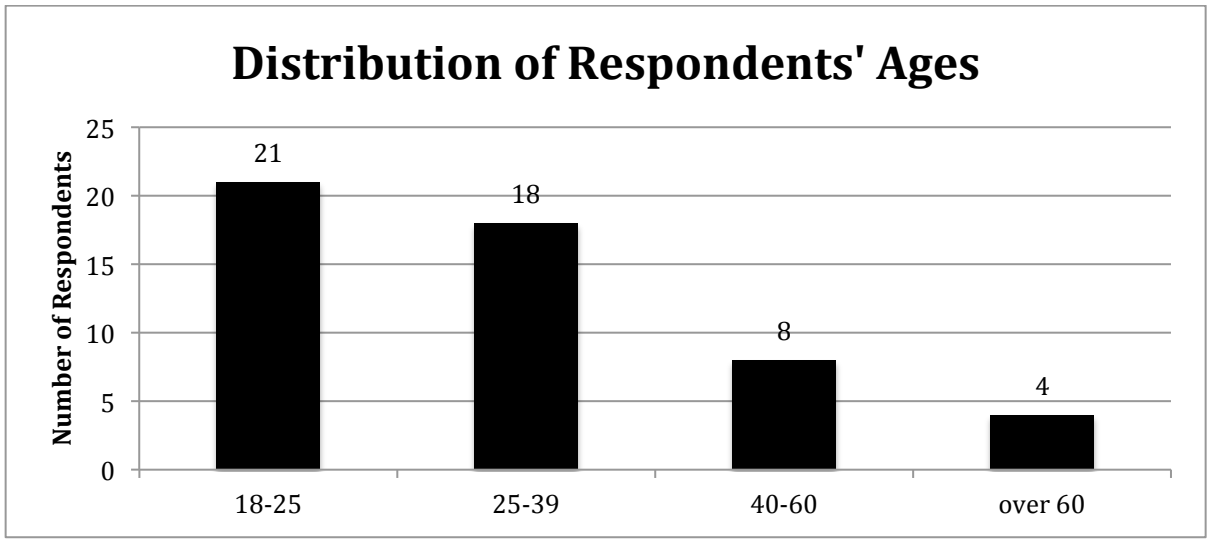
I selected the survey method of research due to the time and cost constraints of writing an undergraduate thesis. The data I collected is primarily of anecdotal value, and the results correlate with my thesis's claims derived from scholarly research about the role of alcohol in business in East Asia. The results offer interesting insights into individuals'

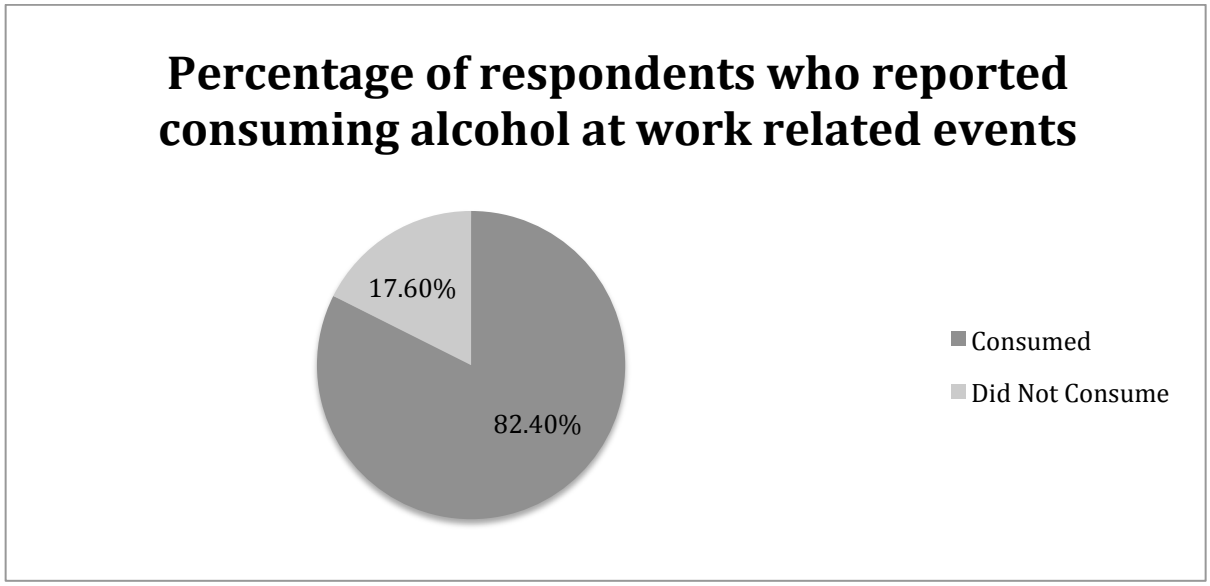
[96] Boundless. "Biases in Experimental Design: Validity, Reliability, and Other Issues." *Boundless Psychology*. Boundless, 08 Aug. 2016. Retrieved 01 Dec. 2016

experiences with alcohol in business that have been useful to me in examining the social effects of alcohol as well as its perceived importance in East Asian business culture. Some responses from seasoned businesspeople offer useful advice for non-drinkers on how to participate in post-work drinking parties without consuming alcohol; I will pass along their advice in my thesis.

Included below are charts illustrating the backgrounds of respondents:







Analysis of the data

Comparison of responses by country

Consistent with my claim that participation in post-work drinking activities seems more widespread in Japan than in China or South Korea, a higher than average 95.2% of respondents with experience working in Japan reported participating in post-work

drinking events as compared to respondents who worked in China (78.9%) and South Korea (77.7%) (Appendix 4). Workers in Japan were also more likely to have been encouraged by a boss, coworker, or client to drink than in South Korea or China (Appendix 6).

In terms of amount of consumption at events, workers in South Korea consumed more drinks, on average, at post-work events with 57.1% reporting consuming three or more alcoholic beverages at events followed by Japan at 50% and China at 46.6% (Appendix 4a). Furthermore, 88.8% of workers in South Korea felt that drinking at their company was highly or moderately important compared to only 71.4% in Japan and 68.4% in China (Appendix 12). This data is consistent with my claim that, in South Korea, actual consumption of alcohol is more integral to post-work drinking events than in Japan or China where its presence seems to often serve a more symbolic function.

As for alcohol's effect on company culture, 66.6% of respondents who worked in Japan reported that alcohol helped employees give performance feedback to each other outside of work, which is consistent with my assertion that alcohol performs a function in Japan as a mechanism for enabling performance feedback by temporarily suspending the rigid hierarchal structure and strict rules for communication that characterize Japanese offices. Japanese respondents also reported at a much higher rate (71.4%) that drinking improved company morale as compared to the overall average (48.6%). A higher than average 57.8% of workers in China felt that alcohol helped display hospitality to potential business partners (Appendix 14). Only one respondent who worked in South Korea and one respondent who worked in Japan reported that alcohol helped promote group

consensus in their company, which is inconsistent with my prediction that this particular function of alcohol would be considered especially important in these two countries.

Comparison of responses by age and length of working period

Younger workers (age 18-40) spent less time participating in post work events with coworkers than older workers (age 40 and over) (Appendix 3). Additionally, 28.5% of workers age 18-24 reported abstaining from consuming alcohol at post-work events, while only 22% of workers age 25-39, 12% of workers age 40-60, and 0% of workers over age 60 reported abstaining (Appendix 4). The degree of importance assigned to drinking at respondents' companies was inversely correlated with age. 38% of workers age 18-24 felt that participating in post-work drinking events was not important at their company while only 22% of workers age 25-39, 25% of workers over age 40 felt that drinking was not important (Appendix 12). These results are consistent with the idea that the imperative to participate, at least in younger companies, may be dwindling.

11 of 51 respondents reported having worked in East Asia for five or more years (Appendix 1a). The length of time spent working in East Asia was positively related to the amount of alcohol that respondents reported drinking at post-work events. Length of time spent working significantly increased the degree to which respondents reported that participation in post-work drinking events was important in their company (Appendix 12). Additionally, of the six respondents who indicated that participating in post work drinking activities helped achieve promotions, four had worked in East Asia for five years or more and the other two had worked in East Asia for two years (Appendix 14). These results are consistent with the idea that participation may be more important in businesses with

traditional hierarchal structures or for workers invested in holding more permanent positions in companies.

Summary of overall responses

An overwhelming majority of respondents reported that drinking served an important function in business in East Asia in their company and/or other companies in the country in which they worked (Appendix 12). Of the 82.4% of respondents who reported consuming alcohol at a post-work event, 44% reported spending five or more hours per week with coworkers at work-related events and 51.2% reported consuming three or more alcoholic beverages, on average, at the events (Appendix 3-4). 64.6% of respondents reported that they had been encouraged to drink at post-work events by bosses, coworkers, or clients (Appendix 6).

As for degree of necessity for participation, 69.4% of respondents felt that participation in drinking activities at post work events was moderately or highly important, and of the 30.6% who felt that participation was not important, 73.3% indicated that the importance of participation at their company seemed lower than in other companies (Appendix 12-13). In terms of alcohol's effect on company culture, 83% felt that drinking helps employees feel friendly toward each other (Appendix 14), consistent with my claim that in all three countries, behavioral rules restrict social interactions in the office, creating the imperative to strengthen bonds at post-work events to achieve group harmony.

Responses to open ended questions revealed that a large majority of 81.4% of respondents enjoyed or were indifferent to consuming alcohol at post-work events. Still, a

sizeable 19.6% indicated that they dreaded consuming alcohol at post-work events (Appendix 7). Furthermore, the settings and manners in which post-work drinking events took place were more informal than I anticipated, and responses concerning common conversation topics at the events as well as the degree to which women were expected to drink varied greatly.

Some particularly candid individual responses concerning coercion at post-work drinking events that I found enlightening to my understanding of alcohol's function and effects in East Asian businesses include (Appendix 8):

"It was not direct encouragement [to consume alcohol]. However, the boss poured all of his subordinates' drinks one by one, when introducing each other. I took a sip of alcohol because I didn't want to spoil the mood" –teacher in South Korea

"Every time I drank was like this. My boss would sit down next to me, pass me a glass of beer, and told me to drink for the team and a job well done. I didn't want to though." –English territory manager in Japan.

"I was jokingly told I didn't think they (colleagues) were worth my effort/time if I refused" – intern in China

"Because I enjoy drinking it did not feel coerced however the environment encouraged EXCESS consumption and those who preferred not to drink experienced the environment as coercive" – translator in Taiwan

"In culture of mainland China (or East Asia as a whole), drinking has the function of building social capital between people, although I hate it. It represents the exchange of respect for each other. You may find that drinking is rampant in industries where staff have to interact with customers face to face in business like housing sales, while in industries such as IT & Programming it's not so popular due to the fact that the customers are somewhat far away from the staff. But with elder people fading out from office, more and more young people are discarding this ridiculous behavior" –data analyst in China

"When I would go to networking events, if I said I didn't want to drink, others would nag me until I did it, and when I finished a drink, they'd always pour another one. It was hard to say no." –engineer in China

"Business trips were often tiring; being expected to drink with associates and/or clients after a full day of travel was uncomfortable, especially because there were typically new names and faces to keep track of while tired and intoxicated." –reporter in Japan

Assessing the Effects of Alcohol in Negotiations and Suggestions for Non-Drinkers

An aspect of drinking in business in East Asia that indirectly relates to company culture and is pertinent in understanding why some businesspeople may prefer to avoid alcohol consumption is its physical effect on businesspeople engaging in negotiations. Alcohol can have a significant impact on the terms set during negotiations, often resulting in regretful concessions for at least one of the negotiating parties. Alcohol reduces drinkers' attention spans as well as the amount of information that they are able to process from conversations. Because alcohol limits the cues that attract drinkers' attentions, the more alcohol people consume, the more they are influenced by immediate information.

Furthermore, the changes in thought that occur can artificially elevate drinkers' self-confidence and reduce anxiety.[97] Thus, businesspeople who drink while discussing terms may be more likely to make impulsive commitments to potential partners.
Alcohol also impairs drinkers' abilities to develop and adapt strategies as well as predict potential negative consequences in the moment.[98] In a 1990 study, drinking participants were found to have altered attitudes toward risk as compared to the sober control group—specifically, the degree of business risk they were willing to assume increased.[99]

In a 2000 study that simulated a salary negotiation over drinks, researchers found that drinking participants were awarded lower salaries, on average, than the sober control group. The study also found that an inebriated participant acting in the "boss" role could

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[97] Steele, CM, and RA Josephs. "Alcohol Myopia. Its Prized and Dangerous Effects." *The American Psychologist.* U.S. National Library of Medicine, 1990. Web. p.902. 01 Dec. 2016.
[98] Streufert, S., Pogash, R. M., Gingrich, D., Kantner, A., Lonardi, L., Severs, W., Landis, R. and Roache, Alcohol and Complex Functioning[1]. Journal of Applied Social Psychology, 23: 847–866. 1993.
[99] Jobs, Et Al. "The Impact of Moderate Alcohol Consumption on Business Decision Making." N.p., 1990. p.148-160.

hinder the effectiveness of a sober participant playing the "new employee" role's negotiation.[100] In both studies, drinkers were found to have underestimated alcohol's influence on their behavior and decision making abilities.

While the positives for drinking achieved by lowered inhibitions may include the strengthening of bonds between negotiating parties, stress relief, and inclusion facilitated by vulnerability, if the ultimate goal is to achieve favorable terms for a deal, drinkers must achieve balance. In this way, drinking during negotiations can become a dangerous game decided in favor of the company whose negotiators have the higher alcohol tolerance.[101]

While my data indicates is consistent with the idea that the necessity for participating in post-work drinking events might be declining among younger businesspeople, those who work in East Asia are still likely to be subject to coercion to drink. Considering that alcohol consumption can present such unstable results for negotiators, however, limiting consumption or avoiding it altogether during negotiations might be an attractive option for businesspeople.

The necessity to actually consume alcohol might also be variable depending on individual company culture. Given the collectivist culture of all three countries, however, successful non-drinkers should compensate for their obvious difference from the group by emphasizing other commonalities.[102] If drinking in one's company is a commonality that most employees share, a non-drinking employee must display substitute commonalities that enable trust and reciprocity.[103] Identifying and recognizing commonalities with the

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[100] Schweitzer, Maurice. "The Impact of Alcohol on Negotiator Behavior: Experimental Evidence." Wharton School, 2001. p.2102.
[101] Schweitzer, *The Impact of Alcohol on Negotiator Behavior: Experimental Evidence*, 2105.
[102] Shim, *Changing Korea: Understanding Culture and Communication*, 71.
[103] Martin, *The SAGE Encyclopedia of Alcohol: Social, Cultural, and Historical Perspectives,* 3.

group forms the basis for relationships, and at its root, the experience of drinking alcohol is an important, visible commonality by which one can display harmony with the group.[104]

In order to avoid consuming alcohol and still achieve the same objectives, non-drinkers need to find alternative ways to fulfill the basic functions that alcohol commonly serves in each of the three countries: strengthening bonds between coworkers and establishing trustworthiness. Ideally, successful non-drinkers should strive to display a degree of vulnerability and exhibit a commitment to the company with which they are building a relationship by devoting a comparable amount of post-work time to building relationship with individuals within the company. Through my survey, I identified several cases in which businesspeople have refrained from or limited drinking while still achieving their objectives, to a degree, as participants in post-work drinking events.

Women

The first and seemingly most widely accepted of which is that women may refuse drinks and still be respected for their attendance at events, though they may not experience the same degree of inclusion. My survey posed the question: Among women and men at your company, was it acceptable for one gender to drink more than the other? Did women and men drink together? Responses included (Appendix 10):

"Men seem like they can naturally drink more, but women and men drink together. Seemed easier for women to say no than men." –engineer in China

[104] Durlabhji, Subhash, Norton E. Marks, and Scott Roach. *Japanese Business: Cultural Perspectives*. Albany: State U of New York, 1993. p.130. Print.

"Men and women drink together, but usually women drink non-alcoholic drinks. That is acceptable and no one says anything, but its usually only women who who do this; men are almost always drinking alcohol." –administrative worker in Japan

"Men tended to drink more, be asked to drink more than women. Men and women often drank together." –internal sales agent in China and Japan

"Men drank more and were accepted more for it."-designer in Taiwan

"Women and men drank together, but in Japan it is more traditional for women to drink less." – research assistant in Japan

"Women and men drank together, but it wasn't as acceptable for women to get very drunk like the men did. Often the women volunteered to be designated drivers beforehand so the male faculty could get very drunk, and then driven home by the women." – assistant language teacher in Japan

Although inclusion of women in the workplace is becoming increasingly accepted and advocated for on a global scale, women's biological and metabolic differences from men have enabled the presumption that drinking can have worse consequences for women than men.[105] As growing numbers of women enter the workforce, they are exposed to

[105] Martin, *The SAGE Encyclopedia of Alcohol: Social, Cultural, and Historical Perspectives,* 15.

more public drinking opportunities. The traditional domestic role of women and perceptions about women's tolerance for alcohol seem to offer women a legitimate pass on consumption while enabling them to participate to a degree if they are willing.

"Men and women drank together, but drinking was heavier in the presence of a male boss. For example, we drank heavily with one low level male manager, but less heavily when his female mid-level manager joined. However, when her male section chief joined, we all drank more heavily, including the mid-level female manager." –reporter in Japan

Women's abstention or limited consumption can be attributed to their adherence to tradition or physical characteristics rather than an ideological difference from the group. In this way, women can attend post-work drinking events and display their commitment to the company without being subject to the higher drinking expectations placed on men. Still, these traditional perceptions surrounding women's capabilities for consumption make drinking at post-work events create a totally different standard and otherize women[106], which could hinder women from achieving the full benefits of inclusion in the group.

Allergies

Whether genuine or not, allergy to alcohol is a medical condition with which many East Asian businesspeople may identify due to the sizeable percentage of Asians whose difficulty metabolizing alcohol leads to "flush."[107] Claiming a medical excuse indicates that one's inability to consume alcohol is not an issue of unwillingness to participate in the

[106] Chrzan, *Social Drinking in a Cultural Context*. 73.
[107] Martin, *The SAGE Encyclopedia of Alcohol: Social, Cultural, and Historical Perspectives,* 65.

group activity. One should be careful, however, with which medical issue one claims as an excuse. East Asian businesspeople may deny that alcohol contributes to some medical issues or even claim it can alleviate them. In East Asia, alcohol has been cited to stimulate appetite, aid digestion, heal kidney disorders, and improve one's overall appearance.[108] A fairly deceptive way to avoid consumption while still strengthening one's bonds with the group is to provide an excuse as to why one should not drink at events but still devote time to socializing at post-work events.

"For 2 years I worked as the only American on a Japanese military base. While I like drinking in moderation, I told my Japanese counterparts that I didn't drink alcohol for medical reasons (allergy). The reason was that as the only American, I knew if I went to work parties (welcome and goodbye parties, usually held once a month, and other types of parties) everyone would want to come have a single toast with me--that would be only one drink for them, but by the end of the night it would be 30-40 drinks for me, on top of the initial toasts of the evening. These gatherings were always held on work nights, so we'd have to be in the next day, plus I would have to send a report to my boss back in Kanagawa, and be able to recall everything I talked about with senior officers that would be of note. So knowing it was better for my health and my ability to do my job, I faked that I had an allergy. Japanese are really accomodating [sic] *if you have a medical allergy to alcohol, as they understand that (many Japanese break out in red flashes), as opposed to religious objections. Because it wasn't a moral objection (and so I could still "be fun") I was usually invited to after-parties and the like, whereas if I*

[108] Heath, *International Handbook on Alcohol and Culture*, Chapter 5.

declined on "religious" grounds, I would not have been invited." –US military officer in Japan [Appendix 8].

If a businessperson has a true allergy to alcohol, emphasizing one's affection for tea and suggesting outings to tea houses may be a good substitute for consuming alcohol. Historically, alcohol and tea were both considered "drugs" of sorts that have physical effects on drinkers and may be dangerous if consumed in excess. They were often considered in literature to be rival options for social consumption, and tea-houses are still considered a popular social destination.[109]

Faking it

Being a woman or claiming an allergy may serve as legitimate excuses for non-drinkers, but they still present the problem of displaying an individual difference that distinguishes one from the group. In order to abstain from drinking yet still claim alcohol consumption as a commonality with the group, some businesspeople opt for beverages that appear to be alcohol but are actually non-alcoholic.

"*I found my salvation in non-alcoholic beer. It tastes like bad frozen pizza, but at least I didn't have to look like I wasn't part of the team anymore."*-English territory manager in Japan (Appendix 11).

[109] Benn, James A. *Tea in China: A Religious and Cultural History*. Honolulu: U of HawaiÊ»i, 2015. Print.

"Take your clients to a set location where the staff knows you. Such a place can be at a KTV location, a restaurant or wherever where you have good relations with the staff. This is important because you can arrange the staff to give you set drinks for you and your clients, with yours being altered from the rest. For example, you can choose two kinds of liquids that resemble water-either vodka or Chinese rice alcohol baijiu. Arrange that as the staff brings out different cups with yours containing water and the rest alcohol. Every time when you say cheers you throw back a glass of water and pretend like you just took a hard hit of liquor while everyone else is becoming inebriated…Make sure to bribe the staff and or tip them in some way so that they play along, otherwise if they rat you out you may get in trouble." – Anonymous user on Chinese business forum

Still, the technique of "faking it" requires some autonomy on the part of the non-drinker that may not be possible in a banquet setting where drinks are poured by others for one from community bottles or for a low-level employee who does not have the authority to plan gatherings.

Summary

Although abstention from consuming alcohol may be viewed as a noticeable difference from the group, non-drinkers can achieve the same objectives, to a degree, by emphasizing other commonalities or presenting their abstention as a matter of necessity rather than preference. In this way, non-drinkers may devise alternative ways to establish trust and strengthen bonds with coworkers, and the rest of the group may be willing to overlook the abstention.

However, in many companies in Japan, where alcohol's presence serves as a mechanism for enabling feedback between employees at different positions in the company hierarchy, or in South Korea, where actual consumption is emphasized for the social closeness it can provide through enabling vulnerability, the importance of the commonality of alcohol consumption may be especially integral to one's work. Drinking in these companies may prove to be a more important commonality than affection for tea or willingness to attend post-work events.

My survey results indicated that alcohol consumption does hold varying, yet integral roles in business in Japan, China, and South Korea, but the settings and manners of post work drinking events were more variable than I predicted. Understanding the common functions that alcohol serves in East Asia, and its varying functions in each country, serves as a useful template for entering into business with companies with which one is unfamiliar. Furthermore, using these functions as a guide for devising alternative methods to fulfill the specific functions that alcohol holds in each of the three countries may prove valuable. In order to account for the variability between company cultures, even in the same country, however, non-drinkers may need to individually observe the settings, frequency, and manner in which alcohol is consumed in their company in order to be able to devise alternative approaches.

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BIOGRAPHY

Hunter Albritton graduated from the University of Texas at Austin in the fall of 2016 with a B.A. in Plan II Honors and East Asian Languages and Cultures. She was a member of the Kappa Kappa Gamma Fraternity, was involved with the Health and Wellness Division of Student Government, and worked at the University Writing Center. During her time at UT, she studied abroad in Beijing and Taiwan, which led to her interest in East Asia's drinking cultures. In the spring of 2017, she will begin her employment as an associate at Gerson Lehrman Group in Austin.